

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
OES-07 DLOS-09 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01
AGRE-00 ACDA-12 HA-05 /121 W
-----103317 231533Z /47

R 231322Z MAR 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8256
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
COMICEDEFOR KEFLAVIK IC
CINCLANT NORFOLK VA

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 0406

E.O. 11652: GDS
TAGS: PINT, IC
SUBJECT: PROGRESSIVE PARTY CONVENTION

SUMMARY. QUADRENNIAL PROGRESSIVE PARTY (PP) CONVENTION WAS RESTRAINED AFFAIR BEFITTING WHAT IS REGARDED AS COUNTRY'S STODGIEST, THOUGH STILL SECOND LARGEST, PARTY. EMPHASIS WAS ON DOMESTIC, PRIMARILY ECONOMIC, MATTERS WITH PP HAMMERING OUT PLANKS FOR ELECTORAL PLATFORM ON INFLATION, EMPLOYMENT, AGRICULTURE, AND SOCIAL POLICY. FOREIGN AND DEFENSE ISSUES WERE PLAYED DOWN TO AVOID PRE-ELECTORAL RANCOR, AND RESOLUTION ON NATO BASE WAS Milder THAN IN PAST.

1. FIVE HUNDRED DELEGATES ATTENDED PROGRESSIVES' SEVENTEENTH CONVENTION HELD IN REYKJAVIK MARCH 12-14. IN OPENING ADDRESS, PARTY CHAIRMAN AND JUSTICE MINISTER OLAFUR JOHANNESSEN RECALLED PP SUCCESSES IN GOVERNMENT DURING SEVEN YEARS IN POWER, HE EMPHASIZED THE ACHIEVEMENT OF THE 200 MILE FISHERIES
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LIMIT, MAINTENANCE OF FULL EMPLOYMENT, AND RURAL DEVELOPMENT. HE SAID THAT ECONOMIC IMPROVEMENT HAD BEEN LESS THAN HOPED FOR THOUGH RECENT GOVERNMENT MEASURES WERE STEP IN RIGHT DIRECTION. IN ORDER TO INSURE ECONOMIC STABILITY, HE CALLED FOR MORE INCOME EQUALITY, LOWERING OF INFLATION, REVISION OF WAGE INDEXATION SYSTEM, AND INCREASED PRODUCTIVITY.

2. CONVENTION RESOLUTIONS REFLECTED JOHANNESSON REMARKS. ECONOMIC RESOLUTION CALLED FOR CURRENCY REFORM, FIRM EXCHANGE RATE, CONTINUATION OF RURAL DEVELOPMENT, CALL FOR ALL WAGE CONTRACTS TO BE NEGOTIATED AT ABOUT THE SAME TIME (TO AVOID SPIRAL IN WHICH EACH UNION'S CONTRACT MUST ACHIEVE MORE THAN WHAT A RIVAL GROUP HAD PREVIOUSLY OBTAINED), AND A RAFT OF BENEFITS FOR FARMERS WHO ARE MAINSTAYS OF PP SUPPORT. PROBLEMS OF AGRICULTURAL SUBSIDIES AND NEED TO INCREASE ICELANDIC PROCESSING OF OWN PRODUCTS WERE ALSO DISCUSSED.

3. PP POLITICAL RESOLUTION CONCERNING DEFENSE MATTERS (EMBASSY TRANSLATION) FOLLOWS: QUOTE: PARTY CONVENTION REITERATES PREVIOUS POLICY IN SECURITY AND DEFENSE AFFAIRS. UNDER PRESENT CONDITIONS ICELAND SHALL REMAIN A PARTICIPANT IN DEFENSE COOPERATION OF THE WESTERN NATIONS, BUT WE REPEAT RESERVATIONS MADE WHEN JOINING NATO: THAT THERE SHOULD NOT BE AN ARMED FORCE IN ICELAND DURING PEACETIME, THAT IT WOULD BE ENTIRELY IN THE POWER OF ICELANDERS TO DECIDE WHEN A FOREIGN ARMY SHOULD BE HERE, AND THAT ICELANDERS DID NOT HAVE AN ARMED FORCE AND DID NOT INTEND TO ESTABLISH ONE. IN ACCORDANCE WITH THIS, THE PP WORKS TOWARD THE WITHDRAWAL OF THE DEFENSE FORCE FROM THE COUNTRY. THE PARTY CONVENTION REJECTS IN ANY FORM THE IDEA THAT ICELANDERS

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SHOULD PROFIT FINANCIALLY FROM THE PRESENCE OF THE DEFENSE FORCE. UNQUOTE.

4. IN SECTION OF FINAL PARTY RESOLUTION DEALING WITH FOREIGN AFFAIRS, PORTION DEVOTED TO DEFENSE AS FOLLOWS: QUOTE. PP DOES NOT CONSIDER IT IN BEST INTERESTS OF ICELAND THAT A FOREIGN MILITARY BE STATION AT AN ICELANDIC SURVEILLANCE SITE DURING PEACETIME. IT STRESSES THE NEED FOR STRENGTHENING OF ICELANDIC AIR AND COAST GUARD AND CIVIL DEFENSE, AND THAT ICELAND SHOULD TAKE A ROLE IN WORKING FOR DISARMAMENT, HUMAN RIGHTS, AND INTERNATIONAL ACCORD. ITS GOAL IS TO MAKE MILITARY ALLIANCES UNNECESSARY AND TO END MILITARY BASES OF THE GREAT POWERS IN OTHER COUNTRIES. UNQUOTE.

5. PP CENTAL COMMITTEE AND EXECUTIVE BOARD RE-ELECTED VIRTUALLY UNCHANGED. ONLY SURPRISE WAS DEFEAT OF KIRSTINN FINNBOGASON, FINANCIAL POWER BEHIND PARTY AND ITS DAILY NEWSPAPER, TIMINN. PAPER HAD COME IN FOR CONSIDERABLE CRITICISM FOR BEING DULL AND LOSING MONEY; FINNBOGASON HIMSELF WAS SEEN, BY YOUNGER DELEGATES IN PARTICULAR, AS MANIPULATOR HAVING TOO MUCH

POWER IN PARTY. YOUNG PROGRESSIVES, CONSIDERED TO BE
ENDANGERED SPECIES, SHOWED UNUSUAL STRENGTH IN
DISPOSING OF FINNBOGASON AND PUTTING MORE OF THEIR
NUMBER ON CENTRAL COMMITTEE.

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6. COMMENT. THOUGH PP RESOLUTION RE IDF IS CONSISTENT
WITH PREVIOUS DECLARATIONS, LANGUAGE HAS BEEN TONED
DOWN, AND PARTY HAS DECLINED TO SEEK IMMEDIATE U.S.
WITHDRAWAL. IN SAYING THAT PARTY WILL "WORK TOWARD"
REDUCED AMERICAN PRESENCE, PP SEEMS TO HAVE ACCEPTED
NOTION THAT SOME KIND OF DEFENSE IS REQUIRED UNTIL THE
ICELANDERS CAN DO MORE FOR THEMSELVES, IDF WILL BE
REGARDED AS NECESSARY, PREFERABLY WITH STILL LOWER
PROFILE.

7. PROGRESSIVES WERE OBVIOUSLY TRYING TO KEEP
DISCORD TO MINIMUM DURING CONVENTION AND THEY SUCCEEDED.
THERE IS STILL DOUBT THAT PP AS WELL AS THREE OTHER
MAJOR PARTIES WILL BE CONCENTRATING IN THE NATIONAL
ELECTIONS ON ECONOMIC ISSUES, PARTICULARLY INFLATION
AND WAGE POLICY. PROPOSALS FOR ECONOMY WERE NOT
STARTLING THOUGH THERE WERE ELEMENTS WITH WHICH LABOR
WOULD NOT BE PLEASED. SINCE PP SHARE OF LABOR VOTE
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NOT LARGE, HOWEVER, PARTY WAS MORE CONCERNED WITH
KEEPING FARMERS, FISHERMEN, AND SMALL ENTREPRENEURS
HAPPY.
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AFFAIR BEFITTING WHAT IS REGARDED AS CO
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